

MAGIC NUMBER _____

CFDA Number	Title of Federal Program RECEIVED	Federal Award Number
	OFFICE OF PROCUREMENT	

2017 SEP 21 PM 4:00
INDEPENDENT CONTRACT MODIFICATION SIGNATURE SHEET
MISSISSIPPI DEPARTMENT OF EDUCATION
P. O. BOX 771
JACKSON, MISSISSIPPI 39205

1. Contractor's Name and Address

CliftonLarsonAllen, LLP
220 South Sixth Street, Suite 300
Minneapolis MN 55402

2. Contractor's Contact Person and Telephone Number:

William Early, Jr., CPA (888)778-9588

3. Effective Date: September 14, 2017

4. Contract Number: 18-2201-6101-002

5. Modification Number: 2

6. Contract Beginning and Ending Dates
September 23, 2016 – September 22, 2018

7. Page 1 **of** 4

8. As a result of this modification, funds obligated are changed as follows:

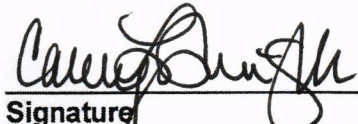
	GENERAL FUNDS	FEDERAL/OTHER FUNDS	TOTAL
FROM:	\$ 293,930	\$ 0	\$ 293,930
CHANGE (+/-):	\$ 104,620		\$ 104,620
TO:	\$ 398,550		\$ 398,550

9. This contract is hereby modified as follows:

The purpose of the modification is to increase funds and scope of services to include four federal programs, Schedule of Compensated Absences, and the MAEP Fund #22230000 as requested by the Office of the State Auditor.

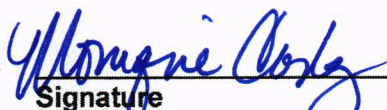
10. Except as hereby modified, all terms and conditions of the contract remain unchanged.

11. Approved for MS Department of Education

 9/21/17
Signature Date

Name: Carey M. Wright, Ed.D.

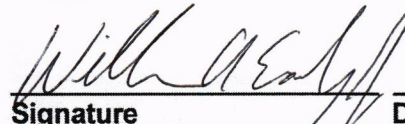
Title: State Superintendent of Education

 9/21/2017
Signature Date

Name: Monique Corley

Title: Director, Office of Procurement

12. Approved for Contractor

 9/20/17
Signature Date

Name: William Early, Jr., CPA

Title: Principal

 9/21/17
Signature Date

Name: Stephanie C. Palmertree, CPA, CGMA

Title: Director, Financial & Compliance Audit Division

MAGIC NUMBER _____

INTRODUCTION

The contract between the Mississippi Department of Education (hereinafter referred to as the "MDE") and CliftonLarsonAllen, LLP (hereinafter referred to as the "Firm") is for the purpose of auditing MDE's financial statements for the 2016 and 2017 fiscal years.

The purpose of the modification is to increase funds and scope of services to include four federal programs, Schedule of Compensated Absences, and the MAEP Fund #22230000 as requested by the Office of the State Auditor.

Contract is subject to an additional two-year renewal and a final period of 12 months for a total of no more than 60 months. Renewal of contract after the initial contract period shall be contingent upon successful completion of the services in the preceding year's contract and a performance-based evaluation.

Based upon the Internal Revenue Service Code, Contractor has been classified as an independent contractor and will not be subject to withholding.

STATEMENT OF WORK

CFDA #	Account Name
84.027/84.713	Special Education Cluster
84.048	Career and Technical Education – Basic Grants to State
84.287	Twenty-First Century Community Learning Centers
84.367	Improving Teacher Quality State Grants
FUND #	
22230000	MAEP

PRIORITY

The contract consists of this Modification 02, 01, the original agreement, the response proposal by CliftonLarsonAllen, LLP dated August 30, 2016 (hereinafter "Proposal and Exhibit A) and the MS Department of Education's Request for Proposal for Professional Auditing Services (hereinafter "RFP" and Exhibit B). Any ambiguities, conflicts, or questions of interpretations of this contract shall be resolved by first, reference to this Modification 02, and if still unresolved by reference to Modification 01, and if still not resolved by reference to the original agreement, if still not resolved by reference to the Proposal and, if still not resolved by reference to the RFP. Omission of any term or obligation from this Modification 02, 01, the original agreement, or Exhibits A & B shall not be deemed an omission from this contract if such terms or obligations are provided for elsewhere in this contract.

STANDARD TERMS AND CONDITIONS

Changes to paragraph 6a of the original contract as follows:

For the audit of the fiscal year ending June 30, 2017, the Firm shall provide any adjustments needed for the proper financial statement presentation, approved by MDE management, to the OSA by December 31, 2017. This includes changes to the grant schedule. The completed audit reports and management letter on the audited funds will be required by January 15, 2018. Audit reports on the selected federal programs will be due not later than February 15, 2018. The corresponding dates for the audit of the fiscal year ending June 30, 2018 will be determined prior to the inception of the audit for that year.

COMPENSATION AND FINANCIAL REPORTS

CliftonLarsonAllen shall receive compensation as an independent contractor for the described auditing services a fee not to exceed \$104,620 for the purpose of auditing four federal programs, Schedule of Compensated Absences, and the MAEP fund #22230000 for FY17. Said fee is not to exceed \$104,620 and is based on the following rates for each hour of work performed for services rendered pursuant to this modification.

<u>Position</u>	<u>Rate per Hour</u>
Partner	\$200
Manager	\$150
Supervisory	\$120
Staff	\$100

CliftonLarsonAllen, LLP shall submit invoices to the MDE with supporting documentation of costs incurred. The invoices shall outline the work performed and the number of hours worked. The MDE will pay ninety percent (90%) of each invoice and will retain the remaining ten percent (10%) until final payment is made. The MDE will pay such invoices in accordance with the related to timely payment for purchases by public bodies (Miss Code Ann. Section 31-7-301 et. Seq., Rev. 1990). The final payment shall be made after completion and acceptance of the audit services. In no instance will a payment be made in excess of the contract amount for each year audited.

BUDGET NARRATIVE

The Mississippi Department of Education will pay CliftonLarsonAllen, LLP an amount not to exceed \$104,620 for the purpose of auditing four federal programs, Schedule of Compensated Absences, and the MAEP fund #22230000 for FY 17 as directed by the Office of the State Auditor.

MAGIC NUMBER _____

**CONTRACT BUDGET SUMMARY
MISSISSIPPI DEPARTMENT OF EDUCATION
P. O. BOX 771
JACKSON, MISSISSIPPI 39205**

1. Contractor's Name and Address CliftonLarsonAllen, LLP 220 South Sixth Street, Suite 300 Minneapolis MN 55402	2. Contract Number: <u>18-2201-6101-002</u> 3. Contract Beginning and Ending Dates: <u>September 23, 2016 – September 22, 2018</u> 4. Modification Number: <u>02</u> 5. Page <u>4</u> of <u>4</u>
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COST CATEGORY	TOTAL FUNDS
1. Fee for Services	1. <u>398,550</u>
2. Travel (see travel policy) a. in-state b. out-of-state	2. _____ a. _____ b. _____
3. Contractual Services a. postage b. telephone c. rental of buildings and floor space d. rental of EDP and computer equipment e. other contractual services	3. _____ a. _____ b. _____ c. _____ d. _____ e. _____
4. Commodities	4. _____
5. Equipment a. office machines, furniture, fixtures and equipment b. data processing and computer equipment c. other equipment	5. _____ a. _____ b. _____ c. _____
6. *Indirect Cost (Rate _____)	6. _____
GRAND TOTAL	\$ 398,550

*Copy of Indirect Cost Plan must be on file in Mississippi Department of Education.

Standard Agreement

This Contract, entered into as of this 23rd day of September, 2016, by and between the Mississippi Department of Education, hereinafter referred to as the "MDE," the Office of the State Auditor, hereinafter referred to as the "OSA," and CliftonLarsonAllen LLP, hereinafter referred to as the "Firm."

1. The MDE and OSA desire to engage the Firm to render certain professional services described within this contract and in the attached Audit Services Schedule with respect to the MDE's fiscal years 2016 and 2017 financial statements, grant schedules and compliance with federal program requirements.
2. The Firm shall receive as compensation as an independent contractor for the described auditing services a fee not to exceed \$98,000 between September 23, 2016 and September 22, 2017 (Year 1) and \$99,930 between September 23, 2017 and September 22, 2018 (Year 2) plus any amount authorized by a duly executed amendment as provided in paragraph 14 of this contract. Said fee is fixed but is based on the following rates for each hour of work performed for services rendered pursuant to this contract.

Position	Rate per Hour Year 1	Rate per Hour Year 2
Partner	\$200	\$202
Manager	\$150	\$152
Supervisory staff	\$120	\$122
Staff	\$100	\$103

Said fees are based on the expectation that the MDE's accounting records are complete and up-to-date and that the MDE will provide, on a timely basis, audit schedules and supporting information, including communication of all significant accounting and financial reporting matters, as well as clerical assistance as is normal and reasonable in the circumstances. If for any audited year such records, schedules, etc., are not provided or other unforeseen conditions or events arise, the Firm will confer with the MDE and OSA to mutually revise the fee to reflect the additional effort required of the Firm to achieve its objectives.

3. The State of Mississippi requires the Firm to submit invoices electronically throughout the term of the agreement. Vendor invoices shall be submitted to the MDE using the processes and procedures identified by the State. Mississippi Accountability System for Government Information and Collaboration (MAGIC) shall be made and remittance information provided electronically as directed by the State. These payments shall be deposited into the bank account of the Firm's choice. The Firm understands and agrees that the State is exempt from the payment of taxes. All payments shall be in United States currency.

The Firm shall submit invoice(s) to the MDE with supporting documentation of costs incurred. The invoices shall outline the work performed and the number of

hours worked. The MDE will pay ninety percent (90%) of each invoice and will retain the remaining ten percent (10%) until final payment is made. The MDE will pay such invoices in accordance with the law related to timely payment for purchases by public bodies (Miss. Code Ann. Section 31-7-301 et seq., Rev.1990). The final payment shall be made after completion and acceptance of the audit services. In no instance will a payment be made in excess of the contract amount for each year audited.

4. a. The auditing services will be made in conformity with the following guidelines and regulations:
 - i. The Firm has the responsibility to conduct and will conduct the audit of the MDE's financial statements in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, with the objective of expressing an opinion as to whether the presentation of the financial statements that have been prepared by management of the MDE, conforms with U.S. generally accepted accounting principles.
 - ii. The standards for federal audits set forth in the Single Audit Act Amendments of 1996 and the Office of Management and Budget (OMB) Uniform Grant Guidance, *Audits of States, Local governments, and Non-Profit Organizations*.
 - iii. Special items or reports prescribed by the OSA as set forth in the attached Audit Services Schedule.
 - iv. Compliance with applicable state laws as set forth in the attached Audit Services Schedule.
 - v. Statements of financial accounting standards as prescribed by the Governmental Accounting Standards Board.
- b. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. In conducting the audit, the Firm will perform tests of the accounting records and such other procedures, as the Firm considers necessary in the circumstances, based on the Firm's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud, to provide a reasonable basis for the Firm's opinion on the financial statements. The Firm also will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management of the MDE, and evaluate the overall financial statement presentation.
- c. The Firm's audit of the financial statements will be planned and performed to

obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. Absolute assurance is not attainable because of the nature of audit evidence and the characteristics of fraud. Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements, fraud (including fraud that may be an illegal act), and other illegal acts may exist and not be detected by an audit of financial statements even though the audit is properly planned and performed in accordance with the auditing standards generally accepted in the United States of America and *Government Auditing Standards*. Also, an audit is not designed to detect matters that are immaterial to the financial statements, and because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to detect abuse. The firm will also perform certain limited procedures to the required supplementary information as required by auditing standards generally accepted in the United States of America. However, the Firm will not express an opinion or provide any assurance on the information. The report relating to the financial statements will include the Firm's consideration of required supplementary information.

- d. Subject to the last sentence of the paragraph, the Firm will issue a written report upon completion of the Firm's audit of the MDE's financial statements. We realize that the Firm cannot provide assurance that an unqualified opinion will be expressed. Circumstances may arise in which it is necessary for the Firm to modify its opinion, add emphasis-of-matter or other-matter paragraphs or withdraw from the engagement.
- e. In making the Firm's risk assessments as a part of planning and performing the audit of the financial statements, it will consider the MDE's internal control relevant to the preparation and fair presentation of the financial statements in order to determine the nature, timing, and extent of its audit procedures for the purpose of expressing an opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the MDE's internal control.
- f. Management of the MDE acknowledges and understands that they have responsibility for the preparation and fair presentation, in accordance with U.S. generally accepted accounting principles, of the financial statements and all representations contained therein. Management of the MDE also is responsible for identifying and ensuring that the MDE complies with laws, regulations, contracts, and grant agreements applicable to its activities, and for informing the Firm of any known material violations of such laws and regulations and provisions of contracts and grant agreements. Management of the MDE also is responsible for preventing and detecting fraud, including the design and implementation of programs and controls to prevent and detect fraud, for adopting sound accounting policies, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation

of the financial statements and to provide reasonable assurance against the possibility of misstatements that are material to the financial statements whether due to error or fraud. Management of the MDE is also responsible for informing the Firm, of which it has knowledge, of all material weaknesses and significant deficiencies, in the design or operation of such controls. The audit of the financial statements does not relieve management of the MDE or the audit committee of their responsibilities.

- g. Management of the MDE also acknowledges and understands that it is their responsibility to provide the Firm with: i) access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters; ii) additional information that the Firm may request from management for purposes of the audit; and iii) unrestricted access to persons within the entity from whom the Firm determines it necessary to obtain audit evidence. As required by auditing standards generally accepted in the United States of America, the Firm will make specific inquiries of management of the MDE about the representations embodied in the financial statements and the effectiveness of internal control, and obtain a representation letter from certain members of the MDE's management about these matters. The responses to the Firm's inquiries, the written representations, and the results of audit tests, among other things, comprise the evidential matter the Firm will rely upon in forming an opinion on the financial statements.
- h. Management of the MDE is responsible for adjusting the financial statements to correct material misstatements and for affirming to the Firm in the representation letter that the effects of any uncorrected misstatements aggregated by the Firm during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements being reported upon, taken as a whole.
- i. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, the Firm will perform tests of the MDE's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, the Firm's objective is not to provide an opinion on overall compliance with such provisions. The Firm shall report promptly to the MDE and OSA any preliminary findings of possible fraud, misapplication or misappropriation of funds.
- j. In accordance with *Government Auditing Standards*, as part of planning of the audit the Firm will evaluate whether the MDE has taken appropriate corrective action to address findings and recommendations from previous engagements that could have a material effect on the financial statements. To assist the Firm, management of the MDE agrees to identify previous audits, attestation engagements, or other studies that relate to the objectives of the audit, including

whether related recommendations have been implemented.

- k. In accordance with *Government Auditing Standards*, the Firm will issue a management letter to communicate instances of noncompliance with provisions of contracts or grant agreements or abuse that have an effect on the financial statements that is less than material but warrant the attention of those charged with governance. In accordance with *Government Auditing Standards*, the Firm is also required in certain circumstances to report fraud, noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse directly to parties outside the auditee. In accordance with OMB Uniform Grant Guidance, two reports will be required for the federal programs audited: 1) Report on the Financial Statement of a Federal Program in Accordance With the Program-Specific Audit Option Required by the Uniform Grant Guidance; and, 2) Report on Compliance with Requirements That Could Have a Direct and Material Effect on the Federal Program and on Internal Control over Compliance in Accordance With the Program-Specific Audit Option Required by the Uniform Grant Guidance. Also required will be management letters which detail findings noted which require management's attention.
- l. The Firm will report to management of the MDE, in writing, the following matters:
 - i. Material, corrected misstatements that were brought to the attention of management as a result of audit procedures.
 - ii. Uncorrected misstatements accumulated by the Firm during the audit and the effect that they, individually or in the aggregate, may have on the Firm's opinion in the auditor's report, and the effect of uncorrected misstatements related to prior periods.
 - iii. Significant difficulties and disagreements with management, if any, encountered during the Firm's audit.
 - iv. Other matters required to be communicated by auditing standards generally accepted in the United States of America.

To the extent that they come to the Firm's attention, it will inform the appropriate level of management of the MDE and OSA about any illegal acts, unless they are clearly inconsequential, material errors in the financial statements and any instances of fraud. Further, to the extent they come to the Firm's attention, it also will communicate illegal acts that come to the Firm's attention, unless they are clearly inconsequential, material errors in the financial statements and any instances of fraud that involve senior management or that, in the Firm's judgment, cause a material misstatement of the financial statements.

If, during the performance of the Firm's audit procedures, circumstances arise which make it necessary to modify their report or withdraw from the engagement,

the Firm will communicate its reasons for modification or withdrawal.

5. The MDE, with the written consent of OSA, has the right to reject, at any time during the contract period, any work not meeting the terms of this contract. Should the MDE or OSA reject any services, the MDE's or the OSA's authorized representative shall notify the Firm in writing by registered mail of such rejection giving reason therefore. The right to reject services shall extend throughout the term of this contract. However, prior to termination of this contract by the MDE, the MDE must provide written justification to the OSA documenting the reasons for requesting the contract be terminated. The MDE must obtain written approval from the OSA prior to terminating the contract.
6.
 - a. For the audit of the fiscal year ending June 30, 2016, the Firm shall provide any adjustments needed for proper financial statement presentation, approved by MDE management, to the OSA by October 31, 2016. This includes changes to the grant schedule. The completed audit reports and management letter on the audited funds will be required by November 15, 2016. Audit reports on the selected federal programs will be due no later than December 31, 2016. The corresponding dates for the audit of the fiscal year ending June 30, 2017 will be determined prior to the inception of the audit for that year.
 - b. The Firm acknowledges that the MDE and OSA are relying on the timely completion of this contract in its scheduling and budgeting and that time is of the essence. If the Firm fails to meet the completion date prescribed herein, the MDE and/or OSA may, at their option, reduce the agreed compensation by an amount not to exceed ten percent (10%) of the total contract amount as liquidated damages for the failure to complete the contract by the completion date provided the failure to meet the report delivery deadline is not the result of MDE delays.
7. The term of this initial contract is September 23, 2016 through September 22, 2018. This will allow adequate time to resolve any questions raised during the audits.

Contract is subject to an additional two-year renewal and a final period of 12 months for a total of no more than 60 months. Renewal of contract after the initial contract period shall be contingent upon successful completion of the services in the preceding year's contract and a performance-based evaluation.

8. The Firm's technical proposal for professional services dated August 30, 2016, is hereby incorporated herein as Exhibit "A."
9. The Firm shall submit a monthly progress report which details the work completed the preceding month to the MDE and OSA authorized representatives. The report shall be delivered within ten (10) days after the end of the preceding month.

10. The MDE with the written consent of the OSA's authorized representative is empowered to accept or reject the services furnished by the Firm in compliance with the material provisions of this contract and the attached Audit Services schedule. However, any rejection of services must be based solely on the Firm's failure to comply with the material terms of this contract, and cannot be based on the nature of the Firm's opinion on the financial status of the MDE in its audit report. However, prior to termination of this contract by the MDE, the MDE must provide written justification to the OSA documenting the reasons for requesting the contract be terminated. The MDE must obtain written approval from the OSA prior to terminating the contract.
11. The Firm shall have a certified public accountant (CPA) as the certifying official of the final reports.
12. The work papers prepared in conjunction with the services under this contract are the property of the Firm, constitute confidential information and will be retained by the Firm in accordance with its policies and procedures. These records shall be maintained for at least five (5) years; however, if any litigation or other legal action, by or on behalf of the State has begun that is not completed at the end of the five (5) year period, or if audit findings, litigation or other legal action has not been resolved at the end of the five (5) year period, the records shall be retained until resolution. The firm agrees to make its workpapers available to subsequent fiscal year audit firms. Upon request by the MDE or OSA, any data, files and records collected by the Firm will be destroyed or returned to the MDE or OSA. The Firm may retain, however, copies of all such records required for recordkeeping purposes or for compliance with applicable professional standards. Pursuant to *Government Auditing Standards*, the Firm is required to make certain work papers available in a full and timely manner to Regulators upon request for their reviews of audit quality and for use by their auditors. In addition, the Firm may be requested to make certain work papers available to OSA pursuant to authority provided to it by law or regulation. Access to the requested work papers will be provided under supervision of the Firm's personnel. Furthermore, upon request, the Firm may provide photocopies of selected work papers to Regulators. Such Regulators may intend, or decide, to distribute the photocopies or information contained therein to others, including other government agencies.
13. The contract may be terminated as follows:
 - a. Termination for Cause. Upon the failure of either party to perform any obligation or observe any covenant required hereunder, the non-defaulting party, with the written consent of the OSA, shall have the right to send a written notice to the defaulting party specifying such failure and demanding cure within ten (10) days of receipt of such notice. If the defaulting party has not remedied such failure within the cure period, or has not made substantial progress toward remedying such failure within the cure period, then the non-defaulting party may terminate the contract

immediately by sending a written notice of termination to the defaulting party. However, prior to termination of this contract by the MDE, the MDE must provide written justification to the OSA documenting the reasons for requesting the contract be terminated. The MDE must obtain written approval from the OSA prior to terminating the contract. In the event of termination for cause by the MDE and/or OSA, in addition to other remedies provided herein or available at law or in equity, the Firm shall bear all costs associated with the issuance of a new contract for audit services, including, but not limited to, the cost of reissuing another request for proposals and any additional costs resulting from an acceleration of services necessary for the timely completion of such auditing services.

- b. Termination by MDE. The MDE, with the written consent of the OSA, may terminate this contract, with or without cause, by providing a fifteen (15) day written notice of termination to the Firm. However, prior to termination of this contract by the MDE, the MDE must provide written justification to the OSA documenting the reasons for requesting the contract be terminated. The MDE must obtain written approval from the OSA prior to terminating the contract.
 - c. Termination Upon Bankruptcy. This contract may be terminated in whole or in part by MDE or SAO upon written notice to the Firm, if the Firm should become the subject of bankruptcy or receivership proceedings, whether voluntary or involuntary, or upon the execution by the Firm of an assignment for the benefit of its creditors. In the event of such termination, the Firm shall be paid an amount for all services actually performed pursuant to this contract, but in no case shall said compensation exceed the total contract price; or
 - d. In the event of termination, the Firm will be entitled to payment for services in an amount which bears the same ratio to the total compensation as the services actually performed bear to the total services of the Firm covered by the contract, less payments previously made. In no instance, other than as specified in paragraph 2 will a payment be made in excess of the contract amount for each audited year. All finished or unfinished tests, surveys, checklists, forms, manuals, reports or other material prepared by the Firm under this contract shall become the property of the OSA.
14. The MDE, the OSA, or the Firm may, from time to time, request changes in the scope of services of the Firm to be performed thereunder. Such changes, including any increase or decrease in the amount of the Firm's compensation which are mutually agreed upon by and between the MDE, the OSA, and the Firm shall be included in written amendments to this contract signed by all parties prior to the work being performed.
15. The Firm shall not assign or otherwise transfer the obligations incurred on its part

pursuant to the terms of this contract without the prior written consent of the MDE and OSA. Any attempted assignment or transfer of its obligation without such consent shall be wholly void. All obligations and duties of either party under this contract shall be binding on all successors in interest or assigns of such party.

16. The Firm shall comply, in all material respects, with all applicable laws, regulations, policies and procedures of the United States of America or any MDE thereof, the State of Mississippi or any MDE thereof and any local governments or political subdivisions that may affect the performance of services under this contract and all applicable laws and regulations relating to discrimination based on age, race, creed, color, sex, and national origin or disability. The MDE will assist the Firm in identifying the policies and procedures promulgated by the State of Mississippi or any MDE or political subdivision thereof that impact the services.
17. The Firm agrees to indemnify, defend, and hold harmless, the MDE and OSA from and against all claims, demands, liabilities, damages and costs relating to our services under this agreement that are attributable to or resulted from intentional, deliberate misconduct or actionable gross negligence of the Firm and/or its partners, principals, agents, employees or subcontractors in the performance of this contract.
18. This contract shall be construed and governed in accordance with the laws of the State of Mississippi.
19. If any term or provision of this contract is prohibited by the laws of the State of Mississippi or declared invalid or void by a court of competent jurisdiction, the remainder of this contract shall not be affected thereby and each term and provision of the contract shall be valid and enforceable to the fullest extent permitted by law.
20. The Firm represents that it has not retained a person to solicit or secure a State contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee.
21. The firm represents that it has not violated, is not violating, and promises that it will not violate the prohibition against gratuities set forth in Section 7-204 (Gratuities) of the "Mississippi Personal Service Contract Procurement Regulations."
22. The Firm certifies that the price submitted in response to the solicitation has been arrived at independently and without – for the purpose of restricting competition – any consultation, communication, or agreement with any other bidder or competitor relating to the price, the intention to submit a bid, or the methods or factors used to calculate the price bid.
23. The Firm certifies to the best of its knowledge and belief, that it and its principals:

- a. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by a Federal department or MDE;
 - b. Have not within a three-year period preceding this contract been convicted or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
 - c. Are not presently indicted or otherwise criminally or civilly charged by a government entity (Federal, State or local) with commission of any of the offenses enumerated in item b. of this certification; and
 - d. Have not within a three-year period preceding this contract had one or more public transactions (Federal, State or local) terminated for cause or default.
24. The Firm shall, during the entire term of this contract, be construed to be an independent contractor. Nothing in this contract is intended to nor shall be construed to create an employer-employee relationship, or a joint venture relationship.

The Firm represents that it is qualified to perform the duties to be performed under this contract and that it has, or will secure, if needed, at its own expense, applicable personnel who are qualified to perform the duties required under this contract. Such personnel shall not be deemed in any way, directly or indirectly, expressly or by implication, to be employees of the MDE or the OSA. Any person assigned by the Firm to perform the services hereunder shall be the employee of the Firm, who shall have the sole right to hire and discharge its employee.

The Firm shall pay when due, all salaries and wages of its employees and accepts exclusive responsibility for the payment of federal income tax, state income tax, social security, unemployment compensation and any other withholdings that may be required.

Neither the Firm nor employees of the Firm are entitled to state retirement or leave benefits.

It is further understood that the consideration expressed herein constitutes full and complete compensation for all services and performance hereunder, and that any sum due and payable to the Firm shall be paid as a gross sum with no withholdings or deductions being made by the MDE for any purpose from said contract sum except as permitted in Paragraph 6(b).

25. Failure of any party hereto to insist upon strict compliance with any of the terms, covenants and conditions hereof shall not be deemed a waiver or relinquishment of any similar right or power hereunder at any subsequent time or of any other provision hereof, nor shall it be construed to be a modification of the terms of the contract.
26. The parties expressly understand that the fulfillment of the payment obligations of the MDE under this agreement is conditioned upon the availability and receipt of State funds. In the event that funds are insufficient or otherwise unavailable to satisfy payments due under this agreement, the MDE shall not be obligated to make such payments, and all further obligations of the MDE and the Firm under this agreement shall cease immediately, without penalty, cost or expense to the MDE or the Firm of any kind whatsoever. In the event of such insufficiency or unavailability of funding, the MDE shall promptly notify the Firm and the OSA, in writing, of such event. The Firm shall be entitled to payment for services in the amount determined under paragraph 13(c) or the amount of available funds, whichever is less.
27. The Firm represents that it will maintain workers' compensation insurance which shall inure to the benefit of all the Firm's personnel provided hereunder, comprehensive general liability or professional liability insurance, and, where applicable, employee fidelity bond insurance.
28. Any dispute concerning a question of fact arising under this contract shall be disposed of by good faith negotiation between duly authorized representatives of the MDE, OSA, and the Firm. Such a resolution shall be reduced to writing and a copy thereof mailed or furnished to the Firm and shall be final and conclusive. If a resolution cannot be reached, the Firm shall mail or furnish to the MDE and OSA a written request for review. The Firm shall be afforded an opportunity to be heard and to offer evidence in support of his/her/its position on the issue in dispute and under review. The review will be handled under a three (3) person panel for arbitration composed of the Deputy State Auditor, the Director of Technical Assistance, and the Director of the Financial and Compliance Audit Division. The decision of the arbitration panel of OSA on the review shall be final and conclusive unless determined by a court of competent jurisdiction in Hinds County, State of Mississippi, to have been fraudulent, capricious, or so grossly erroneous as necessarily to imply bad faith, or not be supported by substantial evidence. Pending final decision of a dispute hereunder, the Firm shall proceed diligently with the performance of the duties and obligations of the contract.
29. This contract, including the documents and schedules previously discussed in paragraph 4.a. and paragraph 8, constitutes the entire agreement of the parties with respect to the subject matter contained herein and supersedes and replaces any and all prior negotiations, understandings and agreements, written or oral, between the parties relating thereto. A separate engagement letter is being issued

covering items required to communicate professional standards that are not covered by the Contract for Professional Services.

30. Firm represents and warrants that it will ensure its compliance with the Mississippi Employment Protection Act (Senate Bill 2988 from the 2008 Regular Legislative Session) and will register and participate in the status verification system for all newly hired employees. The term "employee" as used herein means any person that is hired to perform work within the State of Mississippi. As used herein, "status verification system" means the Illegal Immigration Reform and Immigration Responsibility Act of 1996 that is operated by the United States Department of Homeland Security, also known as the E-Verify Program, or any other successor electronic verification MDE replacing the E-Verify Program. Firm agrees to maintain records of such compliance and, upon request of the State, to provide a copy of each such verification to the State. Firm further represents and warrants that any person assigned to perform services hereunder meets the employment eligibility requirements of all immigration laws of the State of Mississippi. Firm understands and agrees that any breach of these warranties may subject the firm to the following: (a) termination of this agreement and ineligibility for any state or public contract in Mississippi for up to three (3) years, with notice of such cancellation/termination being made public, or (b) the loss of any license, permit, certification or other document granted to the firm by an MDE, department or governmental entity for the right to do business in Mississippi for up to one (1) year or (c) both. In the event of such termination/cancellation, the firm would also be liable for any additional costs incurred by the State due to contract cancellation or loss of license or permit.
31. In accordance with the Mississippi Accountability and Transparency Act of 2008, Section 27-104-151, et seq., of the Mississippi Code of 1972, as amended, the American Accountability and Transparency Act of 2009 (P.L. 111-5), where applicable, and Section 31-7-13 of the Mississippi Code of 1972, as amended, where applicable, a fully executed copy of this agreement shall be posted to the State of Mississippi's accountability website at: <https://merlin.state.ms.us>.
32. Any notices required or authorized under this contract shall be delivered to the persons at the addresses designated in this paragraph. Each party may change the person and address designated by delivering written notice to the other party. Any notice shall be effective when actually delivered to the designated address.

For MDE: Brad Feaster, CPA, CIA
Director of Internal Audit
Mississippi Department of Education
359 North West Street, Suite #308
Jackson MS 39201
Post Office Box 771
Jackson, MS 39205-0771
Telephone: (601) 359-2994

Facsimile: (601) 359-6740
Email: bfeaster@mdek12.org

For Firm: William Early, Jr., CPA
Principal
CliftonLarsonAllen LLP
1966 Greenspring Drive, Suite 300
Timonium, MD 21093
Telephone: (888) 778-9588
Facsimile: (410) 453-0914
Email: bill.early@claconnect.com

For OSA: Stephanie Palmertree, CPA, CGMA
Director, Financial and Compliance Division
State Auditor's Office
501 North West Street, 801 Woolfolk Building
Jackson, MS 39201
Telephone: (601) 576-2606
Facsimile: (601) 576-2687

In witness whereof this contract has been made and executed hereto in triplicate originals.

SIGNED: Cathy Shigh

TITLE: State Superintendent of Education

AGENCY: Mississippi Department of Education

DATE: 9/23/16

SIGNED: Dawn Hahn

TITLE: Director, Office of Procurement

AGENCY: Mississippi Department of Education

DATE: 9/23/16

SIGNED: William A. Earl

TITLE: Principal

FIRM: CliftonLarsonAllen LLP

DATE: 9/21/16

SIGNED: Stephanie C. Palmato

TITLE: Director, Financial & Compliance Audit Division

AGENCY: State Auditor's Office

DATE: 9/23/2016

AUDIT SERVICES SCHEDULE

Procedure:

The following procedures must be performed by the Firm after a contract has been awarded:

- Hold an entrance conference with the Firm's auditor-in-charge, Audit Committee, Internal Audit Staff, Executive Director, and OSA's authorized representatives prior to commencement of any work in order to determine the scope of services, and other related factors. A copy of the engagement letter should be forwarded to OSA's authorized representative.
- Hold an entrance conference with all Deputy Administrators and key department heads (giving prior notice to the OSA's authorized representatives so that the OSA may have an opportunity to participate).
- If applicable, perform certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards.
- Provide a copy of the Firm's most recent peer review report, as required by *Government Auditing Standards*.

The Firm shall perform the following procedures at the request of the OSA:

- Read and provide comments on the June 30, 2016, and the June 30, 2017 GAAP reporting packages and underlying records (including the grant activity schedule) for state treasury funds 4423000000 and 5320100000 for completeness and accuracy for inclusion in the State of Mississippi's *Comprehensive Annual Financial Report and the Single Audit Report*. The funds to be audited in fiscal year 2017 will be determined prior to the inception of the audit for that year.
- Changes to the grant activity schedules will be made in accordance with OSA instructions.
- Prepare and post entries to the trial balance prepared by the Department of Finance and Administration (DFA) based on the MDE's GAAP packages and the grant activity schedules prepared by the MDE in order to adjust the trial balances. These adjusting entries should be prepared on the DFA entry standardized forms and submitted to the MDE for approval and then submitted to OSA for review and processing within due dates specified by OSA.
- Prepare a schedule of uncorrected misstatements, have MDE management approve the schedule, and submit it to OSA for inclusion in communication to DFA.

- Provide OSA the planning materiality level(s) used on the audits of fund GAAP reporting packets for use in performing analysis of unaudited aggregated funds and accounts for the CAFR.
- Complete audit reports for MDE's fiscal year 2016 on the fair presentation of state treasury funds 4423000000 and 5320100000 and the schedule of expenditures of federal awards in conformity with generally accepted accounting principles. The funds to be audited in fiscal year 2017 will be determined prior to the inception of the audit for that year.
- For each major program selected for audit for fiscal year 2016, prepare program-specific audit reports on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with the Uniform Grant Guidance, Subpart F. The programs selected for audit as major programs for fiscal year 2016 are listed below:

CFDA#	Account Name
10.553 10.555 10.556 10.559	Child Nutrition Cluster
10.558	Child and Adult Care Food Program
84.010	Title I

The major programs selected to be audited in fiscal year 2017 will be determined prior to the inception of the audit for that year.

- Review the MDE prepared Summary Schedule of Prior Year Findings for applicability of responses (if applicable).
- Prepare a letter to management on suggestions for improvement in internal control and instances of noncompliance.
- Conduct an exit conference upon giving prior notice to the OSA.
- Obtain a plan of corrective action from the MDE in accordance with instructions provided by the OSA.
- Submit to the OSA a completed "Request for Representations from Other Auditor."

Following the completion of the audit, the Firm shall issue:

- *A Report on Internal Control Over Financial Reporting and Compliance and Other*

Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards (GAGAS report), on the Firm's consideration of internal control over financial reporting and tests of compliance made as part of its audit of the financial statements. Management of the MDE is responsible for providing the Firm with written responses in accordance with *Government Auditing Standards* to the findings included in the GAGAS report within 30 days of being provided with draft findings. If such information is not provided on a timely basis prior to release of the report, the GAGAS report will indicate the status of management's responses.

While the objective of the Firm's audit of the financial statements is not to report on the MDE's internal control over financial reporting and the Firm is not obligated to search for material weaknesses or significant deficiencies as part of its audit of the financial statements, this report will include any material weaknesses and significant deficiencies to the extent they come to our attention. This report will also include instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the financial statements or other financial data significant to the audit objectives and any other instances that warrant the attention of those charged with governance; noncompliance with provisions of contracts or grant agreements that has a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives; or abuse that is material, either quantitatively or qualitatively. The report will describe its purpose and will state that it is not suitable for any other purpose.

- *A Report on Compliance With Requirements That Could Have a Direct and Material Effect on the Federal Program and on Internal Control Over Compliance in Accordance With the Program-Specific Audit Option Required by the Uniform Grant Guidance.*

In the required audit report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with OMB Uniform Grant Guidance, the Firm shall communicate the following:

- Significant deficiencies in internal control over major programs.
- Significant deficiencies that are also material weaknesses.
- Material noncompliance with the provisions of laws, regulations, contracts, or grant agreements related to a major program.
- Known questioned costs which are greater than \$25,000 for a type of compliance requirement for a major program.
- Known questioned costs which are greater than \$25,000 for a federal program that is not audited as a major program.
- Circumstances concerning why the auditor's report on compliance for each major program is other than an unmodified opinion.
- Known or likely fraud affecting a federal award.
- Instances where the results of audit follow-up procedures disclosed that the Summary Schedule of Prior Year Findings prepared by the MDE materially

misrepresents the status of any prior year audit finding.

Deficiencies that were not considered significant enough to be communicated as significant deficiencies and noncompliance that is less than \$25,000 shall be reported in a separate letter to management, which shall be referred to in the report on compliance and internal control over compliance.

Upon receipt of the final audit reports the OSA will:

- Review the reports.
- Approve or reject the reports
- Approve or reject final payment for services rendered.

Upon completion of the audit services, the required reports should be submitted to the OSA's authorized representatives in accordance with the contractual provisions. All final documentation of services shall be submitted no later than the date specified.

MDE's Authorized Representatives:

- Brad Feaster, CPA, CIA
Director of Internal Audit
Mississippi Department of Education
359 North West Street, Suite #308
Jackson MS 39201
Post Office Box 771
Jackson MS 39205-0771

State Auditor's Authorized Representatives:

The State Auditor has empowered the following to act as his duly authorized representative:

- Stephanie Palmertree, CPA, CGMA
State Auditor's Office
501 North West Street
801 Woolfolk Building
Jackson, MS 39201

Legal Compliance Provision:

Any preliminary findings of possible fraud, misapplication or misappropriation of funds shall be promptly reported in writing to the MDE's and OSA's authorized representative. Notwithstanding anything herein to the contrary, nothing shall prevent the Firm from reporting such findings to the appropriate persons in accordance with professional standards.

If the Firm is required to give advice, testimony or other such activity not within the scope of rendering, confirming or justifying a report of audit services rendered, such arrangements shall be set forth in a separate arrangement.